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# INDUSTRIAL MORALE

## SUMMARY

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## I

THE industrial morale is closely related to the state of contentment or unrest of the working force, the two are not to be confused. Industrial morale refers to the degree of coöperation extended by the employees of an enterprise to the management in the course of their work, the interest they manifest in their work, and in the enterprise by which they are employed, and their willingness to assume a share of the responsibility that their work is properly and expeditiously done. The test of industrial morale is the degree of coöperation extended by the men to the management in the operation of the plant.<sup>1</sup>

Industrial morale has acquired recognition as a matter of prime importance largely as a result of the shift in economic power from capital to labor which has accompanied the war and which has resulted in the passage in

<sup>1</sup> This is not intended to be a comprehensive definition of "industrial morale." In other connections it may prove desirable to give the term a considerably broader meaning. The above statement is intended to give a definite meaning, broad enough for the purpose of the present discussion.

large measure of the control of production from the hands of capital into the hands of labor. Before the war, capital's economic superiority was sufficient in most industries to give it what was regarded as a fairly satisfactory control over the output of its men. By holding over labor the fear of discharge, capital was able in considerable degree to control the speed of work, and to compel labor to produce what the management regarded as a fairly adequate day's work. Because of the control over output which capital's economic superiority placed in their hands, managers, altho aware of labor's lack of interest in production, and even of the deliberate efforts of workmen to limit it, did not regard the unsatisfactory state of industrial morale as an urgent and pressing problem. On the contrary, they tended to accept labor's lack of interest in production as more or less inherent in the very nature of things, and hence were inclined to regard attempts to develop labor's coöperation as not only unnecessary but useless.

As a matter of fact, the control over production which capital's superiority in pre-war days gave to the management was by no means as complete as managers themselves supposed it to be. Despite their economic inferiority and despite the pressure applied, the men frequently were able to withhold output on a substantial scale, and the efforts of managements to exact more output merely stimulated more concerted efforts among the men to withhold it. In the period immediately preceding the war, managers were awakening to the incompleteness of their control over production, and as a result were beginning to realize the importance of industrial morale and the need of developing a more coöperative attitude on the part of their men. The great majority of managers, however, still remained satisfied with the degree of control over production afforded by their

dominant position, and for this reason industrial morale failed in the pre-war period to obtain general recognition as one of the outstanding industrial problems of the day.

The passing tendency toward a transfer of control over production from the hands of capital to the hands of labor has given industrial morale a new importance.<sup>1</sup> As long as production could be satisfactorily sustained by economic pressure in the form of discharge or threats of discharge, it could well be a matter of secondary importance whether or not labor was interested in output. But with output dependent primarily upon labor's willingness to produce rather than upon capital's ability to compel production, labor's willingness to produce becomes of supreme consequence. Managers no longer can afford to regard labor's lack of interest in production as more or less inevitable, to be expected and made the best of. If output depends primarily on labor's willingness to produce, then labor *must* be interested in production. The new conditions have created what may safely be termed the paramount managerial problem of the day — the problem of getting a satisfactory output when the control of production is largely in the hands of labor, of developing in labor which is too strong to be coerced, an interest in output and a willingness to co-operate in order to obtain output.

Nor is this problem a temporary one, likely to vanish permanently with the first touch of industrial depression or the resumption of immigration. Altho, with the resumption of immigration or the coming of depression, capital may be expected to regain much of its lost economic power, and in consequence much of its control

<sup>1</sup> Acquisition by labor of a substantial control over its rate of work does not necessarily involve an equally extensive gain in its control over wages or conditions of employment for less economic power appears to be required to enable labor substantially to reduce its pace than to enable it to exact higher wages or more favorable working conditions.

over output, the permanent trend is likely to be a gradual growth in labor's economic strength, and with it an ever increasing ability on the part of labor to resist driving and to make output dependent on its own willingness to produce. Hence industry must face the fact that the permanent problem will be how to function efficiently with economically powerful labor, how to maintain satisfactory output despite impaired economic control over workmen by the management. Tho this problem temporarily may become less serious, it is likely in the long run to become steadily more acute.<sup>1</sup>

This paper will not attempt to discuss the constructive aspects of the problem of industrial morale, to analyze ways and means by which labor's coöperation in production may be developed. It will be primarily confined to the more fundamental aspects of the problem — to an analysis of the principal causes of the prevailing low state of industrial morale. Analysis of the causes for the existing low industrial morale may suggest constructive measures, but no attempt will be made to outline a definite program.

<sup>1</sup> The fundamental nature of this problem is apparent. The attainment of a high general wage level, with all that it implies from the standpoint of human welfare, requires, according to accepted economic theory, that labor be relatively scarce. But if, as the scarcity and economic power of labor increase, its efficiency decreases, labor's gain in wages will tend to be relative only, not absolute and substantial. The attainment of maximum real wages depends upon the ability to check the tendency for labor's efficiency to decrease as its scarcity increases.

In noting the significance of changes in labor's economic power attention should be directed to the effect of these changes upon managerial methods. Too often in discussions of systems and philosophies of management an absolutist point of view has been adopted and specific systems of management have been recommended as the only true "scientific" systems of management. As a matter of fact the desirability of managerial policies depends largely upon economic conditions. The drive system of management was fairly effective as long as labor was economically weak. But when capital lost its economic dominance, the drive system broke down and managers sought new methods of handling labor. Already with the passing of labor scarcity a return to the old drive methods is occurring. The same dependence of managerial methods upon the relative economic strength of managed and managers is observable in the handling of different classes of labor.

## II

Of the numerous causes which combine to create low industrial morale several of great importance may be passed over with little or no discussion. Fatigue, ill health, and nervous strain are well known to cause low morale but analysis of the extent to which modern industrial conditions and processes produce these physical and nervous causes must be left to the physiologist and the psychologist. No explanation is needed of the effect upon morale of the belief, widespread among workmen and far from wholly unjustified, that if they work too hard they will work themselves out of their jobs. Dissatisfaction of the workers with their treatment by the management is to be counted among the most important causes of low morale, for it is common knowledge that men tend to hold back and to do as little as possible for those against whom they feel a grievance. Another important, tho self-evident, cause of low morale is the widely prevalent belief among workmen that there is gross unfairness in the distribution of burdens and benefits in society, that the wage earners, who perform the heaviest, dirtiest, least interesting, and most disagreeable tasks, receive unreasonably small shares in the good things of life. Workmen who feel this keenly do not respond readily to attempts to interest them in more production. They feel that they already are doing more than their share of the disagreeable and onerous work that is to be done and incline to seek compensation for the unattractiveness of their jobs and the meagreness of their pay by doing less rather than more whenever opportunity occurs. Mitigating the severity or disagreeableness of their jobs by "taking it easy" is the only means at their disposal for partially equalizing what they conceive to be the unjust distribution of

benefits and burdens and they use this means without compunction. Finally, and perhaps most important and self-evident among all the causes of low morale, is the use of drive methods by managements to sustain and increase output. A more effective means of creating low morale could scarcely be conceived, because the drive system renders conflict instead of coöperation between the men and management inevitable. The drive system recognizes no standard day's work. On the contrary the aim is constantly to force up the speed of work. The men naturally resist these efforts. In consequence the working pace becomes the subject of a constant struggle between the men and the management. But men do not coöperate with those against whom they are struggling. Instead of affording a basis and inducement for coöperation, the drive system compels the men to concentrate their attention and ingenuity upon limiting output, and upon frustrating the efforts of the management to push up the pace.

### III

Low industrial morale is a natural effect of the adoption by the workmen of the prevailing business philosophy of the time. This philosophy is one of "getting" rather than "giving," of profit making rather than service rendering. Business men frankly admit that they are in business not primarily to render service, but to make money. Anything less is not business, but philanthropy. Business, as the business man sees it, is a bargaining process in which each party is justified in getting as much and in giving as little as possible. It is not the duty of either party to a bargain to see that the other receives an equivalent for what he gives; on the contrary, the ability to drive an advantageous bar-

gain, to obtain a large return for a small payment is esteemed as a desirable and important element in business capacity.

Altho the prevailing philosophy of business for profit rather than for service may perhaps be justified on the ground that no other arrangement provides sufficient incentive to sustain vigorous business activity, the acquisitive philosophy, when adopted by the workmen, has the serious drawback that it is fatal to morale and efficiency, because it justifies workmen in rendering as little service as they dare give for as high pay as they are able to exact. The adherence to this philosophy by business men renders inevitable its adoption by the workmen. When workmen observe the business world in general to be interested in getting but not giving, in returns rather than service, especially when they observe that their own employers in their relations with themselves endeavor to get the largest possible output while holding remuneration as low as possible—is it to be expected that the workmen will be guided by a philosophy of service? If it is legitimate to get all that is possible and to give as little as is necessary in selling commodities, is it not also legitimate for the laborer to give as little output as he must? If bargaining power governs wages should it not also govern output? If ability to drive an advantageous bargain, to obtain a large return for a small payment, is a praiseworthy quality in business men, is it not also to be esteemed by workmen? When the laborer complains of wages, hours, or conditions in the plant, he customarily has been told, “If you don’t like things here, why don’t you get out?” May not labor with equal justification (or lack of it) reply to employers’ complaints about the quantity or character of his work, “If you don’t like the way we work, why do you employ us?” In vain may



business leaders denounce the practice of an acquisitive philosophy by labor as long as workmen observe that business enterprises practice the same philosophy.

Not only does the pursuit of business for profit by employers encourage workmen to practice the same philosophy, but the knowledge of workmen that they are employed by organizations which are primarily seeking profit rather than rendering service, lessens their interest in work and their willingness to do their best. Realizing that their employers keep for themselves, in so far as they are able, the benefits of the workmen's skill and exertion, and that an increase in their efficiency means first of all larger profits for the employers and only incidentally and indirectly benefits for the public, the men tend to feel themselves instruments for creating private profit rather than for rendering useful service.<sup>1</sup> But they cannot feel inclined to exert themselves greatly in the interest of some one's private gain. On the contrary, the belief that the principal and immediate effect of improvement in their efficiency will be greater gains for their employers and that by doing more or better work they will more than ever be playing the part of mere profit making machines, renders them indifferent to how much they do and how well they do it, unwilling to attempt more or better work. Much has been written recently of the creative impulse and of the conditions in modern industry which hinder its development. Important among these conditions are the belief of the men that the principal result of more or better work is the enhancement of private profits and their aversion to playing the part of profit creating instruments.

<sup>1</sup> The attitude of the workmen is illustrated by a remark of an old lathe hand who ran a machine next to that of the writer in a Chicago factory seven years ago. Speaking of his feeling at the close of the day's work he said, " You don't feel as if you'd accomplished anything. And you haven't. You've just made a horse of yourself so some one else can take things easy. You ought to be put in a stable and fed just like a horse."

## IV

Low industrial morale results from fear and resentment inspired among the workers by certain managerial policies. Mr. MacKenzie King has emphasized the importance of fear as a complicator of industrial relations.<sup>1</sup> It is not generally appreciated, however, to what extent fear of the management by the workmen has been deliberately and consciously fostered. The steady pursuit of a policy designed to arouse fear of the management among the workers was a natural accompaniment of the so-called drive system of management, the success of which depended upon the men's willingness to submit to being driven. In order to create a docile and subservient attitude on the part of the men and cause them to submit readily to being driven, managements deliberately sought to foster fear of themselves among the men. To this end they maintained as a matter of policy a brusque, more or less harsh, distant and stern attitude toward their men. They resorted to discharge on fairly slight provocation. They discouraged the airing of grievances. The man with a complaint was told, "If you don't like things here, you can quit." To be lenient or friendly or considerate, to give ear to complaints or to grant redress would cause the men to feel that the management was "easy," that it could be "bluffed" or "worked" and that it need not be feared or carefully obeyed. It would destroy the docile, submissive attitude which was essential if the men were to yield readily to drive methods. Above all, it was felt that the men must be made to feel that the management was strong and powerful, determined to have its way and not to be trifled with.

<sup>1</sup> *Industry and Humanity*, pp. 115-117, 233-263, 332-334.

This process of inspiring fear among the workmen was admirably adapted also to inspiring hatred. In proportion as the management succeeded in arousing fear of itself among the men it succeeded also in arousing antagonism. The effect upon morale is obvious. Men endeavor to render good service to those toward whom they bear good will but withhold their coöperation from those toward whom they bear ill will. The drive system stimulated the workers to withhold production merely as an expression of antagonism to the management. With the changed economic position of labor during the last five years, the drive system has had to be severely tempered or abandoned. The old fear of the management has largely gone and labor's habit of docility has at least temporarily been broken. The resentment and antagonism aroused in pre-war days by the drive methods, however, still remain and continue to cause a deliberate withholding of output.

## V

Among the things which induce men to feel responsibility for the character of their work is the conviction that the job is important, that it makes a difference how it is done, and that in doing it the workman is making himself of some importance. Take away this feeling that the work is important and it tends to become drudgery, which the men then seek to lighten by doing as little as possible. Modern industry contains a number of influences which tend to diminish the importance of their work in the eyes of the workmen and consequently their disposition to feel a keen responsibility for the character of their workmanship. The acquisitive philosophy which actuates business enterprises is to be reckoned such an influence because it

leads workmen to think of their work as something done for some one's private profit rather than for some one's service. The mere vastness of modern industrial establishments is another influence. In the case of certain "key men," who are vital to the operation of the establishment, large size has the contrary effect; for the larger the establishment dependent upon them, the more important, naturally, the "key men" feel themselves and their work to be. The ordinary workman, however, tends to think himself and what he does of little consequence, simply because he is one among so many and his work such a small part of the whole.

The feeling of unimportance which is fostered among workmen by their submergence in the vastness of industrial establishments is accentuated by the character of the work. For years managers in their pursuit of economy have been endeavoring, by the subdivision of labor and the development of jigs, fixtures and semi-automatic machines, to make each job as simple, mechanical, automatic, and fool-proof as possible, to eliminate from it as far as possible all the exacting elements, to relieve the workman of the necessity of exercising dexterity, initiative, ingenuity, judgment, and to reduce his responsibility to the minimum.<sup>1</sup> The results from the standpoint of economy have been admirable, but from the standpoint of morale pernicious. The typical factory job has been reduced to something

<sup>1</sup> The elimination of the exacting elements from the great mass of the jobs is often accompanied by the concentration of these exacting operations in a few "key positions." Thus in machine shops the exacting elements in the work of the machine hand who formerly ground his own tools, set his own machine and perhaps repaired his own belts, have been transferred respectively to tool grinders, machine setters or set-up men, and beltmen. The importance of these "key" positions, the more exacting character of the work attaching to them, the responsibility which they involve, and the pride which the holders are able to feel in their work, naturally tend to raise the morale of their holders. It is to be noted as a qualifying circumstance, however, that the exacting elements removed from a single job, instead of being concentrated in a single position, are often, as in the above illustration from machine shop practice, distributed among several positions, the importance of which, of course, is thereby limited, to the detriment of the morale of the holders.

that "anyone can do" after a few days' or weeks' experience. The workmen have this emphatically impressed upon them by observing new men, often of nationalities which they regard as inferior, being brought into the shop and taught the work in a short time. They realize the unexacting character of their work, how little skill or judgment it requires, and, instead of feeling pride and satisfaction in doing it, look with contempt upon it and feel more or less humiliated because compelled to do it.

To feel the importance of his work and responsibility for the manner in which he does it, the workman must know what he is doing, what purpose the part he is working upon serves in the finished product, and how the service rendered by the finished product will be affected by faulty performance of his operation. Many workmen, however, are ignorant of these matters. The parts they work upon are to them merely pieces of wood or metal upon which they perform given operations in given ways without definite vision of what would happen when the finished product is used, should their operation be improperly done. It is only recently that enterprises have undertaken to teach men the significance of their jobs.

The practice of working to standards of accuracy tends to prevent the men from feeling themselves and their work of importance because of ability to do exceptionally accurate work. Custom has caused them to regard skill principally as ability to do exacting and difficult work rather than ability to do much work. They tend to feel more pride in ability to do good work than in ability to work fast. The system of working to predetermined standards of accuracy limits the worker's opportunity to distinguish himself by doing work of exceptional quality, for to pass inspection a part need

only be of standard accuracy. Parts which are better than the standard are treated no differently from parts which barely pass. The only distinction is between parts which are up to standard and those which are not. A workman, tho able to do work substantially superior to that required, will receive no credit for such exceptionally accurate work.

Finally, the policy pursued by many managements, of endeavoring to build up in the men the feeling that they are of little importance, their services of little value, and they themselves easily to be dispensed with now prevents the men from appreciating the importance of their work. This policy is similar to the one previously discussed, of endeavoring to create fear of the management, and, like it, has been pursued as a part of the drive system and for the purpose of rendering the workmen more submissive to drive methods. Managements have believed that if the men learned to regard their work and consequently themselves as important, they would lose their docility, become self-assertive and difficult to control. To render them docile and easily handled, it is desirable that they regard themselves and their services as of little importance to the enterprise. Hence by such means as criticizing freely but commending sparingly, a hair-trigger readiness to discharge, telling those with grievances to get jobs elsewhere if dissatisfied, and by the general attitude maintained toward the men, managements have endeavored to build up among them a feeling that they are of little consequence.

This policy has had a twofold effect. In the first place, in causing the men to feel themselves of little importance, it has inevitably led them to feel their work of little importance. Hence it has tended to lessen the men's feeling of responsibility toward their work. In the second place, the policy has conflicted with the

recognition of merit and, as a result, has fostered the feeling among the men that the management did not appreciate merit and was unwilling to recognize it. In order to cause the workers to feel themselves of little importance it was desirable that merit be not freely recognized. Too generous recognition of merit, it was felt, would encourage the workers to feel themselves of value to the enterprise, develop a feeling of self-confidence and independence among them, and lessen their willingness to submit to drive methods. The effect of lack of appreciation of merit upon morale is discussed more in detail below.

## VI

Adequate recognition of merit and good service is an important prerequisite to high industrial morale. Failure of managements to recognize merit and good service adequately means much more than a mere lack of material rewards to stimulate the men to do their best. In the first place, it is important as an indication of the attitude and temper of the management. The lack of material rewards for merit naturally leads the workmen to feel that the management does not appreciate good service. No exertion is more repugnant to workers, however, than that which they believe will not be appreciated. The feeling that good service is not appreciated is nearly as potent as the lack of rewards for good service in deterring the men from exerting themselves to render service of exceptional merit. In the second place, failure to recognize merit is important because it tends to deprive the men of definite hopes for better things in the future. Men can endure disagreeable and discouraging conditions for a considerable period without serious lowering of morale, provided they have

reasonable expectations of better things. But the hope of better things tomorrow is needed to take their minds off the difficulties of today. To men deprived of reasonably definite expectations for the future the difficulties of today seem doubly onerous. Because the work in modern industry involves much that is disagreeable and onerous, it is important, in order to sustain high morale, that workmen see something better ahead. Without such visions they become easily discouraged, disgusted with their jobs, inclined to develop the "don't give a damn" spirit and to seek relief from the disagreeable and discouraging features of their work by doing no more than is necessary.

Modern industry has conspicuously failed to meet the problem of the recognition of merit. This failure manifests itself in a number of ways. Perhaps the most striking has been the practice of arbitrary piece-rate cutting, which has penalized workers of exceptional proficiency instead of rewarding them.<sup>1</sup> A less striking but fully as important instance of failure to reward merit has been the traditional wage policy. Instead of carefully observing the performance of each worker, of maintaining individual efficiency records and promptly raising each man when his work showed clear improvement, managements have pursued the policy of paying the minimum wage necessary. The attitude of managements has been, "If the men are willing to work for a given wage, why should we pay more?" The effect of this policy has been that advances in pay, instead of being promptly awarded when deserved, have been delayed as long as

<sup>1</sup> When the large earnings which lead to the cutting of the rate are due to the rate being set too high rather than to the exceptional speed of the worker, penalization of merit does not necessarily occur when the rate is cut but the psychological effect upon the worker is the same. Moreover in practice sufficient discrimination has not been shown between cases where earnings have been high because the rate has been too high and those where they have been high because the workmen has been exceptionally proficient.



possible, being granted only when regarded as necessary either to prevent the men from leaving or to allay discontent. Since old employees often become more or less attached to their jobs and not only less likely to leave but also less likely to complain, the policy of paying no more than necessary has resulted frequently in old and experienced employees receiving less than younger men of less skill and experience but more difficult to hold. It has also resulted in the taking on of new men at higher rates than those received by men already employed, the management being compelled to pay the market rate to obtain new men, but finding itself able, temporarily at least, to hold men already employed at a rate slightly below the market.<sup>1</sup> In short, the tendency of the traditional wage policy has been to cause wage increases to go not necessarily to the most deserving but to those who were regarded as most likely to quit or to make trouble and to those who were good at talking to the foreman and who were not afraid to risk their jobs by asking for more money.<sup>2</sup>

<sup>1</sup> Within the last year the writer was hired by a large factory at five cents an hour more than the rate received by the man who showed him how to run his machine. All new men for the given class of work were given the same rate received by the writer, which was uniformly higher than that received by those already in the employ of the enterprise and doing this particular grade of work.

<sup>2</sup> The traditional wage policy has resulted inevitably in flagrant injustices. For example, an employee in a middle western factory received thirty-five cents an hour altho other men doing the same work received fifty-five cents. The manager stated that to obtain new men to do the work, he would be compelled to pay fifty-five cents. He also stated that the thirty-five cent man was as competent as any of the others and worth as much as any of them. He received less, the manager said, because he was an old employee who had been with the firm for some twenty years and had become so attached to his job that it was felt that there was no likelihood of his leaving, especially since his age would handicap him in obtaining a desirable job elsewhere. Hence it had been considered unnecessary to raise him when the others had been raised.

In an eastern automobile factory one of a gang received ten cents an hour less than the others doing the same work. Asked whether this worker was less competent than the others, the manager replied that he was not but on the contrary was one of the best in the gang. He received less, the manager said, because he was a cripple and hence would have difficulty in obtaining paying work elsewhere. The manager also stated that the workman was somewhat timid and had not asked for an increase or expressed dissatisfaction with his wage. Hence no necessity of raising him had been felt.

Finally, among industry's manifestations of failure to reward merit should be mentioned absence of systematic promotion based on efficiency. Some enterprises, it is true, have attempted to practice a policy of promotion, relying on the foreman's more or less indefinite impression as to who is entitled to advancement. The two essentials to a satisfactory system of promotion in accordance with merit, namely, definite lines of advancement which enable the men to see clearly what they are in line for and individual efficiency records which give the men assurance that selections for promotion will not be a matter of guess work, are to be found only in a small minority of establishments. In fact foremen not infrequently are opposed to promoting exceptionally proficient men on the ground that when a man is exceptionally good at a given operation, it is best to keep him at it rather than advance him to another job at which he may be a failure or merely an indifferent success.

Among the steps taken to combat the numerous causes which combine to create low industrial morale, greatest progress has probably been made in eliminating failure to recognize merit. Altho most enterprises still lack a policy of carefully rewarding merit, a rapidly increasing number now pursue such a policy. Systematic promotion on this basis is fast being introduced, wage policies are being altered so that individual rates of pay are raised on the initiative of the management whenever a worker shows himself entitled to more, and the practice of arbitrary piece-rate cutting is being gradually abandoned.<sup>1</sup>

<sup>1</sup> Progress in the abandonment of arbitrary piece-rate cutting has been least satisfactory, for often the abandonment of this policy is more nominal than real. Considerable arbitrary rate cutting is done by slightly changing a job, putting a new rate on it, and calling it a new job.

## VII

The development of the highest degree of interest in the job and the keenest sense of responsibility for the character of its performance presupposes a belief that the job or at least the workman's connection with his employer is more or less permanent. Hence the transitory and precarious nature of much of the employment in modern industry is to be accounted a source of low industrial morale. Herein appears the significance, from the standpoint of morale, of the absence of machinery for the adjustment of grievances, and of the failure either to protect workmen against arbitrary discharge by provision for truly judicial inquiry into alleged cases of incompetency or misconduct, or to protect workers against lay-off by regularization of production or by reduction of the working period instead of the force in slack times. Realizing that, in absence of machinery for the adjustment of grievances, to leave is their only recourse in event of dissatisfaction with conditions of employment (barring appeal to the management, which too often has been futile), and realizing also that they may at any time lose their jobs by discharge or lay-off, workmen are discouraged from regarding their employment in a given establishment as permanent, from looking forward to an extended career in the establishment, and from cherishing hope of advancing by meritorious service to more responsible, more exacting, and better paying work. They inevitably feel the slighter degree of interest in their jobs and the less keen sense of responsibility for their workmanship which arise out of the feeling that the work is likely to be but temporary.

## VIII

Most important of all in creating the prevailing low state of industrial morale is the workmen's conception of the relationship prevailing between themselves and industry — the feeling on the part of wage earners that instead of industry being conducted for their benefit as well as for the benefit of the stockholders, it is devoted almost exclusively to advancing the interests of the stockholders, and that instead of workmen being a part of industry and insiders in it, they are outsiders whom industry is not interested in serving, but from whom it is interested in getting all that it can.

So contradictory to the non-wage earner's conception of industry is that of the workman that it is difficult for non-wage earners to appreciate the workman's point of view. To those outside the wage earning class, industry is a servant — a tremendously powerful and beneficent servant, which makes possible our relatively high standard of living. The non-wage earner compares the comforts and conveniences of the present day with those of a century ago and realizes that it is modern industry with its machines and technical experts which makes possible the difference. The fact that industry makes possible the existing ways of living is to him its distinguishing feature, the thing which determines his conception of it and molds his attitude toward it. To the non-wage earner, industry before everything else is a *servant* — the efficient servant which enables him to live as well as he does.

To the wage earner with his radically different contact, industry is far from being a willing and efficient servant to which he should be grateful for making possible his present standard of living and for helping him to raise it. The workman is aware of the constant en-

deavor of industry to make itself more efficient. He knows of the elaborate staff of operating and technical experts which industry maintains to improve machines and processes, to discover new short cuts, and to speed up the men — all for the sake of “more production” and “lower costs.” The workman realizes to some extent the zeal and persistency with which these experts apply themselves to the task of increasing the efficiency of industry and the ingenuity and skill which they display. But the workman is also well aware that the object of this pursuit of efficiency is not to benefit him. He knows that industry does not seek efficiency in order to pay higher wages or to grant shorter hours, or to put itself in a position to mitigate the severity of the wage earner’s task. He knows that it seeks to serve one interest and one interest only. It seeks to be more efficient in order that it may pay higher dividends. Hence the wage earner, unlike the non-wage earner, is unable to regard industry as his servant. To him it is only the servant of the stockholders.

The workman, however, does not merely observe that industry makes no positive endeavor to advance his interests (except such incidental and unimportant assistance as it extends in the form of “welfare work”). He observes that in the case of each of the three principal prerequisites to the attainment of a richer and more enjoyable life, more money, more leisure, and relief from fatigue, industry positively *opposes* rather than aids him. If the workman desires higher wages he usually encounters opposition. If he desires a shorter working period he likewise finds opposition. Industry has sought to maintain the ten hour and even the twelve hour day and in some instances the seven day week. It has shown little interest in the relief of fatigue and, instead of seeking to lessen the severity of work, has

sought constantly to increase speed. The indirect effects of efficiency upon the standard of life, which the economist is fond of stressing, the workman does not see. What he does see is the deliberate and conscious effort of industry to keep wages low and hours long, and to increase the speed of work. Hence he learns to see in industry not a servant seeking to help him to live better but a master seeking to dominate him, to hold him down rather than to help him advance, an obstacle rather than an aid in his struggle for a better life. To the question, "What does industry do for you?" the non-wage earner promptly answers, "Makes possible my high standard of living"; but the wage earner answers, "Works me as hard as it can, pays me as little as it must, and fires me if I kick."

Consider the effect of the workman's conception of industry and of its relation to him upon industrial morale. What could be better calculated to destroy his sense of obligation toward the enterprise by which he is employed and his willingness to coöperate to make it successful and to promote its prosperity, than the feeling that it is seeking to dominate and use him rather than to serve him, that it is working against him rather than for him, that it is seeking to pay him as little as it finds necessary, to prevent his wages from going any higher than it can help, to keep his working day at as many hours as possible and to get more and more out of him by pushing up the speed of the work? If one party to an arrangement seeks to give as little and to get as much as possible, is it not natural for the other party to do likewise? No one would expect a workman who feels that his employer pays the bare minimum which economic conditions compel him to pay to reciprocate by doing his best to promote the interests of his employer. Workers cannot be expected to be more in-

terested in promoting the prosperity of industry than industry is in promoting the prosperity of workmen. When industry seeks to keep wages low and hours long, when it consistently resists the workmen's efforts to raise their standard of life, workmen cannot be expected to be interested in helping to make profits large. The workman fails to see why he should help the business man make money when the business man is not helping him to make money. An active effort on the part of the workmen to promote the prosperity of industry can scarcely be expected until the workmen feel that industry is a friendly rather than a hostile force; until they believe it is devoted to the promotion of their interests rather than the exploitation of their weakness; until they believe it is interested in making wages higher not in keeping them low, in making hours shorter not in keeping them long, and in mitigating the severity of the work not in enforcing the maximum speed; until they believe they will promptly and directly share in any increase in the prosperity of industry. Wages and conditions of labor must be determined by the same principle by which dividends are determined — by the *ability* of industry to pay more or to improve conditions not by the *necessity* of so doing.

This appears to touch the crux of the problem of industrial morale. Workmen cannot be expected to feel the maximum interest in the affairs of industry and the greatest willingness to coöperate in order to promote its prosperity, unless they are able to identify themselves with industry, to feel themselves to be a part of it, insiders in it, and to feel also a sense of ownership in it. The feeling of belonging to a thing appears commonly to induce a feeling of ownership toward it. They cannot feel themselves to be a part of industry nor industry to be in part theirs, unless industry is devoted

in a substantial measure to the promotion of their interests, unless managements strive just as energetically to raise wages as they do to raise dividends. The thing which now creates a gulf between the men and industry, which causes them to feel that they are not a part of the enterprises for which they work and that the enterprises are not in part theirs, is the fact that industrial enterprises are devoted primarily or exclusively to the service of the stockholders, often at the expense of the interests of the men. When the men observe how completely outside the purposes of business enterprises is the promotion of their interests, they cannot escape feeling themselves to be merely outsiders.

Suppose, however, that the elaborate organizations which the workmen now see devoted so exclusively to the interests of the stockholders were conducted equally for the benefit of both workmen and stockholders, that the object of the ceaseless striving after efficiency and lower costs were just as much the paying of higher wages as the paying of higher dividends, and that every increase in profits meant just as much an increase in wages as it did an increase in dividends. Instead of feeling themselves mere tools employed for the profit of the stockholders the men would be able to feel that industry existed as much for them as for any one else, that industrial enterprises instead of being their masters, attempting to get as much *out* of them as possible, were their servants attempting to produce as much *for* them as possible. Knowing that industry was being conducted as much for their benefit as for the benefit of the stockholders, the workmen would be able to feel that industry in part belonged to them and that they were a part of it. They would feel themselves to be insiders and would feel the interest in the affairs of industry and the responsibility for its prosperity which an insider, as contrasted with an outsider, feels.



## IX

From the foregoing it appears that if coöperation is to be obtained in industry it must be mutual, that labor cannot be expected to give its best effort to industry until industry, instead of being the servant of capital and the master of labor, is the joint servant of them both, devoted equally to the advancement of the interests of each. But the question may be asked does not this imply the necessity of a fundamental change in industrial organization? If industry is to be made as much the servant of labor as of capital, and if labor is to share just as directly in the increased prosperity or efficiency of industry as does capital, must not labor share equally with capital in the control of industry? The answers to these questions must probably be in the affirmative. Industry cannot be expected to be administered as much in the interest of labor as of capital unless labor participates on a somewhat equal basis with capital in the administration of industry.

Hence the problem of industrial morale appears to be in a substantial degree a problem of industrial organization. The present form of industrial organization, which leaves labor on the outside as regards share in control and direct participation in prosperity, renders it inevitable that, barring the employees of a few altruistic employers, the workmen shall feel that they are simply outsiders used for the benefit of industry. Hence the present form of industrial organization must itself be counted among the causes of low industrial morale; and a change in the organization of industry must be regarded as among the prerequisites to the solution of the problem of industrial morale.

It is impossible in this paper to discuss the complicated problem of industrial organization. It is enough

to emphasize the intimate relationship prevailing between the problem of industrial morale and the problem of industrial organization. Industry cannot afford to have such an important factor as labor on the outside. The better organized, the more powerful and self-conscious labor becomes, the less can industry afford it. As the importance of labor's coöperation becomes more apparent, the more apparent will become the desirability of making labor an insider in industry with a corresponding voice in its direction. The admission of labor to a full share in the administration of industry is not likely to come except by a slow evolutionary process, but the need of labor's coöperation may be expected to be one of the principal forces impelling changes in industrial organization and shaping its future form.

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